



**Controller John Chiang**  
California State Controller's Office

300 Capitol Mall  
Sacramento, CA  
95814

916.445.2636

[www.controller.ca.gov](http://www.controller.ca.gov)

PR12:09

For Immediate Release:

2/22/2012

Contact: Jacob Roper

916-445-2636

## Controller Announces Bill to Drive Private Sector Energy Retrofits

**"Building the Economy Through Energy Retrofits" will create jobs, save energy**

**SACRAMENTO** – State Controller John Chiang and Senator Kevin de León (D-Los Angeles) today unveiled legislation sponsored by the Controller to promote cost-effective retrofits of commercial buildings throughout California. The "Building the Economy Through Energy Retrofits" (BETER) program, co-authored by Assembly Member Nancy Skinner (D-Berkeley), is expected to create construction jobs while helping business owners save tremendously on their energy costs.

"This unique program will bring private commercial property owners, labor and environmentalists together to improve California's economy by creating jobs, increasing the value of commercial buildings and cleaning up the environment," said Controller Chiang. "It is a market-driven policy that will spark our economy by bringing investment capital into our state – and help California dig out of this recession with little risk to California taxpayers."

Currently, commercial property owners face many barriers to retrofitting their buildings to save energy. The financing for such retrofits usually comes with interest rates that are too high and repayment schedules that are too short to pencil-out. This bill makes financing cheaper and more available to encourage owners to retrofit their property, creating the jobs needed for those projects, and reducing the carbon footprint of those buildings.

"This bill will help drive private investment into energy efficiency retrofit activity in California at no cost to taxpayers," said Senator Kevin de León, author of [SB 1130](#). "And it is precisely this activity that will help further stimulate our job market putting the exact industry segment back to work that is most in need – the construction trades."

Under the proposal, the State would aggregate or "pool-together" energy retrofit loans made by commercial and investment banks to property owners. The State would then sell tax-exempt revenue bonds, and use the proceeds to repay the property owners' initial loans from the banks. This lowers the cost of the financing, and offers the security necessary for financiers to lend.

The bonds would not be repaid from public funds, but by the property owners through a monthly remittance on their buildings. The owners would make these payments from the energy savings resulting from the retrofit. The State serves as an efficient facilitator, allowing private investment dollars to provide significant energy savings for California businesses, while cutting pollution and generating jobs.

"This bill is a triple win for Californians: It puts people back to work, lowers energy costs for businesses and consumers and protects our resources," Skinner said. "I'm proud to be the principal co-author of legislation that will achieve real efficiency upgrades for some of our largest commercial properties."

Rex S. Hime of the California Business Properties Association said, "Because California already has the first state Green Building code in the nation that includes energy standards 20 percent or more above other states, many buildings have already gone through basic energy retrofits. However, due to the downturn in the economy, accessing the capital needed to invest in deeper retrofits is harder to find. This program will give property owners another option to make their buildings more efficient."

"Commercial buildings are huge energy hogs, trailing only transportation in energy consumption in California," said Justin Malan of the U.S. Green Building Council California. "Electricity consumed by commercial office buildings represents 37 percent of the state's total electricity consumption, much of which is wasted. According to the U.S. Department of Energy, these buildings can be made 80 percent more efficient with new and existing technology."

Cesar Diaz, representing the State Building and Construction Trades Council, noted that, at 11.1 percent, California's current unemployment rate is the second highest in the 50 states. "Since the recession began in late 2007, California has lost nearly 1.4 million jobs, including 400,000 in the construction industry alone," Diaz said. "SB 1130 will provide much needed construction jobs that will help lead the state's economic recovery."

Nick Bagatelos, president of Focus Materials, said, "As the president of a family-owned curtain wall installation business and owner of a Net Zero Energy Manufacturing Building, I know the impact energy savings improvements can make for property owners. Buildings certified as energy efficient command rents that are 6-7 percent higher, and maintain higher occupancy rates than commercial properties that do not invest in energy efficiency."

A [fact sheet](#) on SB 1130 and a [flow chart](#) showing the financing of the loans can be found at the Controller's website at [www.sco.ca.gov](http://www.sco.ca.gov).

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